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6 October 1950

MEMORANDUM FOR RECORD

SUBJECT: Intelligence Requirements of the Munitions Board

1. The Munitions Board has been directed, on call by the Joint Chiefs of Staff, to furnish periodic reports of foreign country-sources of strategic materials, selected mainly from the point of view of U.S. industry, together with information of the key production facilities and their supporting utilities and transportation facilities. The country-sources dealt with in these reports are those which lie within that part of the world which will probably be available to us in war, established by JCS assumption. The reports are required by the JCS so that they can ensure the uninterrupted flow of strategic materials to U.S. industry under all circumstances. In the past, reports have been supplied in February 1949, and June 1949. Another has been called for by December 1950, and others will probably be required each twelve to eighteen months thereafter.

2. The above paragraph describes the basic point of view from which the reports are prepared, but, within the part of the world concerned, the Munitions Board also takes into account those country-sources which produce strategic materials from the points of view of our important allies or of hostile powers, and with reference to which appropriate action might be taken by the JCS. This additional feature of the reports is, however, only a by-product.

3. Up to this time, the Munitions Board has produced these reports without benefit of intelligence support, the Staff having compiled the information from multiple repositories of unevaluated data in Washington. Thus the Board has not been satisfied that the reports were either complete, accurate, or current. Worst of all, the Board is unable to identify the deficiencies, which, nevertheless, it is certain do exist.

4. In order to correct this unsatisfactory situation, the Munitions Board Staff has solicited the assistance of CIA, and several informal conferences have been held between a representative of the Staff and members of COAPS and ONE.

COMMENT

5. It appears that the Munitions Board would be well within its rights in addressing a formal request to CIA for intelligence support in the preparation of these reports, since a good part of the work is

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unmistakably an intelligence function. Nevertheless, it does not follow that such support would necessarily involve any intelligence production by the Agency itself. On the contrary, CIA implementation of the request probably should stem from the coordinating function of the Director, and we should simply arrange for the necessary collection and production activities to be undertaken by the appropriate agency or agencies. In any event, it would be necessary that a continuing intelligence effort be originated, and such a project would fall exactly in line with the present activities of the Agency in response to the Memorandum for the DCI from the Executive Secretary, NSC, dated 3 March 1950, subject: "Appraisal of Foreign Economic Intelligence Requirements, Facilities and Arrangements Related to the National Security," which calls for preparation for NSC "consideration and action a comprehensive plan for satisfying the foreign economic intelligence requirements of the national security and for a coordinated interagency effort to this end based on a definite allocation of responsibilities among the agencies concerned."

6. Before beginning arrangements for the inception of work by the appropriate agency or agencies, CIA should explore the needs of other possible consumers for related intelligence. For example, the JCS may wish intelligence of the vulnerability of key facilities in order to determine measures for their protection or destruction, and so may the Department of State in connection with NSC 29. Also, it is likely that the NSRB will desire to extend the terms of reference of the project so as to obtain full intelligence support for economic warfare measures in the commodity field. Such a desire on the part of the NSRB would undoubtedly lead to an extension of the area of the world covered, and would stimulate a broad study of the vulnerability of key facilities from all aspects. In the end, it is probable that we shall have identified a necessity for a continuing world-wide commodity intelligence effort covering all aspects of production as well as correlative matter.

7. In connection with the above, we are informed that the NSRB, without recourse to CIA, has initiated a series of twenty-five world-wide commodity studies, which are being undertaken by the Departments of Agriculture, Commerce, and Interior at a cost of \$250,000. The deadline for completion of these studies is 31 December 1950. Only material to be found in Washington is being utilized, and the studies will be unclassified. If this experiment is successful, the NSRB has available \$750,000, and will request seventy-five additional studies. There is also the possibility that collection action in support of the studies might be permitted in the future, although the reports would then have to be classified. Obviously, CIA action to implement intelligence support for the Munitions Board such as has been described might utilize this effort already begun. Its terms of reference could be extended appropriately and its life extended as necessary.

8. COMPS is prepared to take action in the matter if and when a formal request is received from the Munitions Board.

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